DIRECT TESTIMONY

OF

JOHN R. HENDRIX

ON BEHALF OF

SOUTH CAROLINA ELECTRIC & GAS COMPANY

DOCKET NO. 2002-223-E

Q. PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.

A. John R. Hendrix, 1426 Main Street, Columbia, South Carolina.

Q. BY WHOM ARE YOU EMPLOYED AND IN WHAT CAPACITY?

A. I am Supervisor of Electric Pricing and Rate Administration at SCANA Services, Inc.

Q. DESCRIBE YOUR EDUCATIONAL BACKGROUND AND BUSINESS EXPERIENCE.

A. I am a graduate of the University of South Carolina where I received a Bachelor of Science Degree in Business Administration with a major in marketing. Since joining South Carolina Electric & Gas Company in August 1983, I have held various positions within the Rate Department. In November 1999 I assumed my present position. I have participated in cost of service studies, rate development and

design, and rate evaluation programs for both the electric and gas operations. I am a member of the Southeastern Electric Exchange Rate Section.

Q. WILL YOU BRIEFLY SUMMARIZE YOUR DUTIES WITH SCANA SERVICES, INC.?

A. I am responsible for the design and administration of the Company's electric rates and tariffs including the electric fuel adjustment. In addition, I am responsible for the Company's electric allocation studies.

Q. DESCRIBE THE SCOPE OF THE TESTIMONY WHICH YOU WILL PRESENT IN THIS PROCEEDING.

A. My testimony will cover the following areas:

Cost of Service - I will present the results of the cost of service study performed for this proceeding based on the test period ending March 31, 2002 which separates wholesale and retail jurisdictions. The study also provides the rates of return by each class of service. The methods and allocations utilized in making this study will also be discussed.

Rate Design - I will address the Company's rate design objectives as well as proposed rates and charges contained in its application. I will also describe the revenue effect that the proposed rates would have on the Company's electric retail operations had they

been in effect during the test period.

General Terms and Conditions - My testimony will also discuss several changes that the Company is proposing to make in its General Terms and Conditions. These proposals principally concern reconnection charges, credit issues and issues concerning when the Company can deny or discontinue service for non-payment.

COST OF SERVICE STUDY

Q. WILL YOU EXPLAIN THE OBJECTIVE OF A COST OF SERVICE STUDY?

A. The objective of a fully distributed cost of service study is to apportion the total cost to serve among respective classes of service. This should be done in a fair and equitable manner such that the results reflect the engineering and operating characteristics of the electric utility system.

Q. WAS THE COST OF SERVICE STUDY PREPARED UNDER YOUR SUPERVISION AND DIRECTION?

A. Yes. The study was prepared under my direction utilizing the rate base and return components to which the Company's accounting witness, Mrs. Walker, testified.

Q. WOULD YOU EXPLAIN THE STEPS YOU FOLLOWED IN DEVELOPING THIS ELECTRIC COST OF SERVICE?

A. The principal steps in developing the cost of service study were functionalization of costs, classification of costs and allocation of costs. The objective of functionalization was to arrange costs

according to major functions. Those functions include production, transmission and distribution. The objective of the second step, classification, was to divide costs into groups according to measurable cost-defining characteristics of the services rendered. These costs are defined as customer, demand, and energy components. The third and final step in the cost of service study was the allocation of the costs to the respective classes of service based upon the responsibility for incurring those customer demand or energy costs.

Q. PLEASE DEFINE CUSTOMER COSTS.

A. Customer costs are the costs customers place on the system just by being connected to a system with a service drop, meter, account, and monthly bill. Customer costs vary with the number and size of customers. Size in this case is a measure of the amount of power the customer's meter and service connection must have the physical ability to deliver. Customer costs do not vary significantly with the volume of usage.

Q. PLEASE DEFINE DEMAND AND ENERGY COSTS.

A. Demand costs are costs that vary with the capacity of the system as a whole to produce and deliver electricity. Demand costs reflect the fixed cost of building and operating the system. Energy costs reflect the variable cost of producing, transmitting, and delivering electricity using the system already in place.

Q. WHAT DEMAND ALLOCATORS WERE USED IN THE COST OF SERVICE STUDY?

A. Two basic demand allocators were developed: the coincident peak demand (CP) and the noncoincident peak demand (NCP). The CP allocator was developed based on the system territorial peak demand between the hours of 2 p.m. and 6 p.m. on the territorial peak day, August 8, 2001, which occurred during the test year. The NCP allocator was developed by adding the non-simultaneous peak demands of the different classes whenever they occurred during the year. The CP allocator was utilized to allocate production and transmission investments and their respective demand related expenses. This is necessary since the system peak is a prime determinant of the amount of production and transmission facilities that are required to be installed. Therefore, the cost of such facilities should be allocated accordingly. The NCP allocator was the basis for allocating demand related distribution investments and expenses. These facilities must be sized to meet the peak demand of the customer class using them regardless of when that peak demand occurs.

Q. EXPLAIN THE DEVELOPMENT OF THE CUSTOMER ALLOCATORS.

A. Customer-related allocation factors were based on the number of customers in the respective classes. To create customer factors, we utilized both weighted and non-weighted determinants. For example, we allocated billing expenses between customer classes based on the average number of customers in the class. This non-weighted allocation reflects the fact that the cost to produce, mail and

otherwise process a bill does not vary significantly between customer classes. On the other hand, the cost of reading meters and establishing billing determinants does vary substantially between customer classes. Accordingly, we developed the factors used for allocating billing expenses between customer classes by weighting the average number of customers in the class a) by the average time required to read a typical meter for customers of that class, and b) by the average time required to develop billing determinants for customers in that class.

In short, weighted allocation factors are used where there are significant differences in characteristics of cost to serve between classes of service. The weighting of factors reflects those differences.

Q: EXPLAIN THE DEVELOPMENT OF THE ENERGY ALLOCATORS.

A. The energy allocator was developed from the annual kilowatt-hour sales by class of customer adjusted for system losses. We collect data on energy usage by customer class and we used actual test period data in making the allocation.

Q. HOW WERE THE RATE BASE AND RETURN COMPONENTS CLASSIFIED AND ALLOCATED TO CLASSES?

A. EXHIBIT NO. _____ (JRH-1) shows the classifications of investment and expense items and the factors on which specific investment and expense items were allocated. The next exhibit, EXHIBIT NO. _____ (JRH-2) shows the resulting allocations and

sets forth the fully distributed cost of service as adjusted for the test year.

Q. DOES THE COST OF SERVICE STUDY FOR THE TEST YEAR PROPERLY DISTRIBUTE COSTS OF PROVIDING ELECTRIC SERVICE TO CUSTOMER CLASSES?

A. Yes. The cost of service study presented here provides a proper foundation for distributing costs among classes since it recognizes cost causation and distributes costs accordingly. This study also provides a proper basis for determining cost-based rates and is a major component of fair and equitable rate design. The cost of service study also provides a reasonably accurate measure of profitability among classes of customers.

Q. PLEASE EXPLAIN HOW YOU DEVELOPED THE REQUESTED REVENUE.

A. The requested revenue is based on the rate of return information contained in Exhibit D-II, page 2 of 3 of the Company's Application. This information shows the rate of return that the Company earned during the test year was deficient and indicates a need for a net revenue increase of $104,716,000 to compensate the Company adequately for its electric service. As the Company's accounting witness, Mrs. Walker, has testified the Company is proposing to include in rates, and eliminate from the fuel cost recovery calculation, $8,079,000 (or $673,250 per month) in annual pipeline fixed capacity charges related to natural gas service to the recently repowered turbines at Plant Urquhart. To reflect this shift

in expenses, rates have been created to reflect a total revenue increase from base electric rates of $112,795,000. The matching reduction in fuel cost recovery, which is accomplished by reducing the base fuel rate in the proposed rates from $0.01722 per KWH to $0.01678 per KWH, will then create a net increase from the rate adjustments proposed on the exhibit of $104,716,000. The Company requests that if the Commission approves the fixed capacity charges for inclusion in base rates, then the base fuel rate as described above be approved.

Q. HOW WAS REVENUE INCREASE BY CLASS DEVELOPED?

A. Many factors have to be considered in developing an appropriate distribution of revenue to the various classes. The cost of service is the most important component of rate design, but other factors also serve as guides to proper rate design. These remaining factors are value of service, our rate history, revenue stability, improvement of system load factor, and optimum use of natural resources.

RATE DESIGN

Q. WHAT IS THE COMPANY'S OBJECTIVE IN THE RATE DESIGN EFFORT?

A. Our continuing objective in rate design is to provide electric service to our customers at fair, competitive prices while earning an adequate return for investors. The objectives of our rate design effort have been to price rates appropriately, to maintain simplicity and to continue to offer rate choices that meet customer needs.

Prices should recover costs and provide clear market signals to promote the efficient use of electricity. Prices should encourage off-peak use, higher load factors, and investments in energy efficient equipment. Rates and revenues should be stable and predictable, offering a sense of continuity.

In addition, rates should be as simple and understandable as possible so that customers can understand their options and use them to their best advantage. We want to offer rate choices to our customers. We want to encourage new customers to locate in South Carolina as well as keep existing customers in the State. We try to help our customers improve their efficiency and their ability to compete in domestic and foreign markets.

In this proceeding, we reviewed those objectives against our existing rates, and have determined that the existing rate structure does not require substantial modification at this time.

All this notwithstanding, retail rates should produce rates of return among classes that bear a reasonable relationship to the overall retail rate of return. As shown on EXHIBIT NO._____(JRH-3), the requested rates and subsequent rates of return for each class are within 10% of the overall retail rate of return.

Q. WHAT RATES AND TARIFFS ARE YOU PROPOSING IN THIS PROCEEDING?

A. The rates and tariffs that I am proposing are shown in Exhibit B in the Company's application.

Q. ARE THERE ANY CHANGES THAT ARE PROPOSED THAT AFFECT ALL OF THE ELECTRIC RATES?

A. Yes. The Basic Facilities Charge (BFC) for all rates has been increased. These proposed increased amounts continue to be significantly less than the actual and continuous expenditures necessary to provide customers with the ability to use electricity. The requested BFC and the actual costs from this cost of service comparison for all rates can be seen on EXHIBIT NO._____(JRH-4).

Q: WHAT OTHER ADJUSTMENTS TO RATES ARE YOU PROPOSING?

A. The Company is proposing an adjustment to Rate 9 that relates to the summer demand charge component of the rate. In the last rate proceeding, the Company asked the Commission to allow it to impose a $2.60 per KVA demand charge, applicable to customer's peak demands. This demand would only apply to the extent that a peak demand greater than 250 KVA were set between the hours of 4:00 pm and 8:00 pm during the four summer months June through September. The justification for this change was to provide incentives for larger customers to shift load to off-peak times during this period.

The Company's experience since the demand charge was imposed has been that the time-specific demand component of this rate has proved difficult to administer. Rate 9 includes a large number of customers that is extremely diverse and has a large

number of smaller customers and therefore it has been difficult to find metering for measuring peaks at certain hours that fit the pricing of the rate while still trying to provide useful data for our customers.

Accordingly, the Company is requesting the Commission to allow it to eliminate the hourly component of the summer demand charge applicable to Rate 9. A demand charge would still apply, but would be based on the peak demand greater than 250 KVA set at any point during the day.

TERMS AND CONDITIONS OF SERVICE

Q. WHAT TERMS AND CONDITIONS ARE YOU PROPOSING FOR THIS PROCEEDING?

A. The Terms and Conditions that I am proposing are shown in Exhibits C1 and C2 in the Company's application.

Q. IS THE COMPANY PROPOSING ANY CHANGES TO ITS GENERAL TERMS & CONDITIONS FOR ELECTRIC SERVICE?

A. Yes, there are some minor changes such as the changing of words and punctuation to make the Terms and Conditions clearer. The Company is also proposing several substantive changes to the terms and conditions.

Q. PLEASE DISCUSS THESE SUBSTANTIVE CHANGES.

A. The first of these is at Section III. K. on page 6 of 8. Here, the Company requests that the reconnection charge be increased from $15 to $25 for reconnections performed during normal working

hours with an additional $10 charge for reconnections requested by Customers at other than during normal working hours.

Q. PLEASE EXPLAIN FURTHER THE APPLICATION OF THE ADDITIONAL CHARGE FOR AFTER HOURS.

A. We propose that reconnections be made only during normal working hours. However, we would seek to accommodate requests from customers for reconnections after normal working hours and the charge would be $35 for this service which involves overtime for company personnel. If the customer requests a reconnection during normal working hours and the Company cannot complete the request during normal working hours, then the charge would be $25.

In addition, the Company is proposing to charge the reconnection fee for each trip that made to a customer's location so long as any failure to reconnect is due to failure by the customer to take required action. Such failure on the customer's part could include failure to provide access to the meter location (by containing dangerous animals, for example), or failure to follow company instructions to open breakers on the customer's side of the meter as required for reconnection to be made safely.

Q: WHAT IS THE ACTUAL COST TO THE COMPANY OF MAKING RECONNECTIONS?

A. EXHIBIT ___, (JRH-5) shows the actual cost to the Company of performing reconnections to be $38.90 per reconnection during business hours. We believe that the $25 charge proposed here is

well justified by the actual costs involved.

Q. WHY ARE YOU REQUESTING THIS CHANGE IN THE RECONNECTION CHARGE?

A. We take pride in the service we provide and want customers to remain connected to our system. We believe that our policies should encourage customers to take advantage of the many resources we provide to help them continue receiving service and stay connected. We have a number of programs, including those in the electric customers' Bill of Rights, and work with a number of agencies to assist those having difficulty paying their bills and to keep customers connected if at all possible.

At the same time, we believe that where reconnection charges are required, they should reflect the true cost to the system of reconnection. If the actual cost of this service is not recovered, then ultimately other customers will pay higher rates to make up the difference.

Q. PLEASE DESCRIBE CHANGES THAT YOU ARE REQUESTING CONCERNING YOUR CREDIT TERMS.

A. The Company asks to add a new section to its General Terms and Conditions, which would be Section IV(D)(5) – "Billing and Payment Terms: Deposit." If approved, this addition would allow SCE&G to collect deposits from nonresidential customers whose credit standing has declined to the extent that poor credit creates a condition of insecurity with regard to present and future payments owed to SCE&G. Let me emphasize that the provision would only

apply to non-residential customers.

The experience underlying this request relates to commercial or industrial customers whose credit has deteriorated and corporate insolvency is threatened. Even if the credit risk from a particular customer is widely known, the Company is unable to seek a deposit, guarantee or other security until accounts have become delinquent and the customer is subject to termination. By this point, the Company's credit exposure to the insolvent customer can involve several months' bills, since several months would typically elapse between the time service is rendered and a bill for that service falls delinquent.

For a large industrial customer, the result can be that an uncollectible account is built up of several million dollars before the Company can act. As the Commission is aware, uncollectible accounts are a cost to the Company for rate-making purposes and may become the payment responsibility of the system as a whole.

The present General Terms and Conditions, and Commission regulations they track seem to reflect the dynamics of residential service. Where residential customers are involved, credit issues are not known until bills fall in arrears. The need to act quickly in a specific case is less since the impact on the system from a particular customer's default is relatively small. This is very different from the case of many commercial and industrial customers, where credit problems often are publicly known in advance, and the financial impact to the system, under present

credit policies, can be significant. We believe that the Company should have reasonable tools to protect itself and all customers on its system from the credit and financial risks posed by these situations.

Approval of this addition may require waiver of Commission regulation 26 S.C. Code Ann. 103-331(A)(2), as amended (1976). If so, SCE&G respectfully requests the Commission waive this regulation for approval of these additional terms to its General Terms and Conditions.

Q: IS THE COMPANY PROPOSING ANY OTHER CHANGE TO THE GENERAL TERMS AND CONDITIONS?

A. SCE&G requests that Section III(J)(10) – "Conditions of Service: Denial or Discontinuance of Service" of its General Terms and Conditions be amended as shown in Exhibit C to the Application. The requested amendment would allow the Company to refuse to provide new service to a premise where members of the household or business have not paid an undisputed bill. Under the present Terms and Conditions, the Company cannot act on the non-payment if the individual applying for the new service to the premises (who may be a landlord or other non-resident) is not the individual listed on the unpaid bill or a member of that individual's household. This change will correct what we believe to be an unintended loophole in the existing policy.

Q. DOES THIS CONCLUDE YOUR TESTIMONY?

A. Yes.

SOUTH CAROLINA ELECTRIC & GAS COMPANY

CLASSIFICATION OF INVESTMENT

DOCKET NO. 2002-223-E

ITEM	CLASSIFICATION		
	Customer	Demand	Energy
PRODUCTION PLANT & CWIP		X	
TRANSMISSION PLANT & CWIP	X	X	
DISTRIBUTION PLANT & CWIP			
SUBSTATIONS	X	X	
LINES	X	X	
TRANSFORMERS	X	X	
METERS	X		
SERVICES	X		
GENERAL & COMMON PLANT	X	X	
MATERIAL & SUPPLIES			
FUEL			X
OTHER	X	X	
WORKING CAPITAL	X	X	X

SOUTH CAROLINA ELECTRIC & GAS COMPANY

CLASSIFICATION OF INVESTMENT

DOCKET NO. 2002-223-E

ITEM	CLASSIFICATION		
	Customer	Demand	Energy
EXPENSES - O & M			
PRODUCTION		X	X
TRANSMISSION	X	X	
DISTRIBUTION	X	X	
CUSTOMER ACCOUNTS	X		
CUSTOMER SERVICE	X		
SALES	X		
ADMINISTRATIVE & GENERAL	X	X	X
DEPRECIATION			
PRODUCTION		X	
TRANSMISSION	X	X	
DISTRIBUTION	X	X	
GENERAL & COMMON	X	X	
TAXES			
PROPERTY	X	X	
GENERATION			X

EXHIBIT NO. ___(JRH-2)

SOUTH CAROLINA ELECTRIC AND GAS COMPANY

FULLY DISTRIBUTED COST OF SERVICE STUDY

TEST YEAR: 12 MONTHS ENDED MARCH 31, 2002

South Carolina Electric and Gas Company
Electric Cost of Service Study
12 Months Ending 3/31/02

EXHIBIT NO.___(JRH-2)

	Description	TOTAL	RESID	SMALL	MEDIUM	LARGE	ST LTG	RETAIL
1	**TOTAL REVENUES**	1,284,638	533,691	230,780	135,594	299,822	28,282	1,228,169
2	**OPERATING EXPENSES**							
3	O&M EXPENSES - FUEL	349,266	116,159	52,793	42,427	109,048	4,112	324,540
4	- OTHER	320,849	148,602	59,702	29,111	62,391	6,794	306,600
5	DEPRECIATION & AMORT. EXPENSE	172,979	75,100	34,482	17,369	33,432	4,818	165,201
6	TAXES OTHER THAN INCOME	94,477	41,195	18,772	9,743	18,113	2,824	90,646
7	TOTAL INCOME TAXES	88,571	39,572	16,453	9,572	19,674	3,166	88,437
8	TOTAL OPERATING EXPENSES	1,026,142	420,629	182,202	108,221	242,658	21,714	975,424
9	OPERATING RETURN	258,496	113,062	48,578	27,373	57,164	6,568	252,745
10	CUSTOMER GROWTH	1,986	1,252	411	254	0	69	1,986
11	INTEREST ON CUSTOMER DEPOSITS	(1,169)	(980)	(132)	(18)	(5)	(34)	(1,169)
12	**RETURN**	259,313	113,335	48,857	27,608	57,159	6,603	253,562
13	**RATEBASE**							
14	ELECTRIC PLANT IN SERVICE	5,022,298	2,193,975	1,026,431	508,305	927,471	153,555	4,809,736
15	RESERVE FOR DEPRECIATION	(1,664,366)	(728,927)	(340,098)	(167,692)	(304,742)	(53,269)	(1,594,728)
16	NET PLANT	3,357,932	1,465,048	686,333	340,613	622,729	100,286	3,215,008
17	TOTAL CONST. WORK IN PROGRESS	502,760	208,714	95,651	52,565	112,505	5,309	474,744
18	TOTAL DEFERRED DEBITS/CREDITS	(135,610)	(60,943)	(26,712)	(12,626)	(24,694)	(5,385)	(130,361)
19	TOTAL WORKING CAPITAL	16,479	(1,359)	3,026	3,117	8,763	(312)	13,236
20	TOTAL MATERIALS & SUPPLIES	156,725	57,210	26,093	17,951	42,593	3,175	147,022
21	ACCUM. DEFERRED INCOME TAXES	(482,040)	(210,994)	(98,072)	(48,441)	(89,182)	(15,008)	(461,697)
22	**TOTAL RATEBASE**	3,416,246	1,457,676	686,319	353,178	672,714	88,065	3,257,953
23	**RATE OF RETURN**	7.59%	7.78%	7.12%	7.82%	8.50%	7.50%	7.78%

South Carolina Electric and Gas Company
Electric Cost of Service Study
12 Months Ending 3/31/02

	Description	ALLOCATOR	TOTAL	RESID	SMALL	MEDIUM	LARGE	ST LTG	RETAIL
1	**ELECTRIC PLANT IN SERVICE**								
2	PRODUCTION PLANT								
3	Steam	D10	1,086,294	439,299	201,037	116,851	261,173	0	1,018,361
4	Hydraulic	D10	265,034	107,180	49,049	28,509	63,721	0	248,460
5	Nuclear	D10	922,628	373,113	170,748	99,246	221,824	0	864,930
6	Other	D10	341,091	137,938	63,125	36,691	82,007	0	319,760
7	**TOTAL PRODUCTION PLANT**		2,615,047	1,057,530	483,959	281,298	628,725	0	2,451,511
8	TRANSMISSION PLANT								
9	350 - LAND & LAND RIGHTS								
10	Bulk Power Transmission	DM3	25,528	10,290	4,709	2,737	6,118	0	23,854
11	Sub-Transmission	DM3	2,367	954	437	254	567	0	2,212
12	Distribution Substations	D30	329	158	96	39	28	5	327
13	Direct Assignment	P350DA	2,665	0	26	5	2,634	0	2,665
14	TOTAL ACCOUNT 350		30,889	11,402	5,269	3,035	9,347	5	29,058
15	352-353 SUBSTATIONS								
16	Bulk Power Transmission	DM3	119,147	48,026	21,978	12,775	28,553	0	111,332
17	Sub-Transmission	DM3	31,007	12,498	5,720	3,325	7,431	0	28,973
18	Distribution Substations	D30	34,257	16,495	10,047	4,089	2,905	555	34,090
19	TOTAL ACCOUNTS 352-353		184,411	77,020	37,745	20,188	38,888	555	174,396
20	354-356 OVERHEAD LINES								
21	Bulk Power Transmission	DM3	185,503	74,773	34,219	19,889	44,454	0	173,336
22	Sub-Transmission	DM3	39,252	15,822	7,241	4,209	9,406	0	36,677
23	Direct Assignment	P354DA	19,517	0	336	135	18,721	0	19,193
24	Distribution Substations	DM3	213	86	39	23	51	0	199
25	TOTAL ACCOUNTS 354-356		244,485	90,681	41,835	24,256	72,633	0	229,405
26	357-358 UNDERGROUND LINES								
27	Bulk Power Transmission	DM3	7,782	3,137	1,436	834	1,865	0	7,272
28	Sub-Transmission	DM3	1,636	659	302	175	392	0	1,529
29	TOTAL ACCOUNTS 357-358		9,418	3,796	1,737	1,010	2,257	0	8,800
30	359 - ROADS AND TRAILS								
31	Bulk Power Transmission	DM3	5	2	1	1	1	0	5
32	Sub-Transmission	DM3	4	2	1	0	1	0	4
33	TOTAL ACCOUNT 359		9	4	2	1	2	0	8
34	**TOTAL TRANSMISSION PLANT**		469,212	182,903	86,587	48,490	123,127	560	441,668

South Carolina Electric and Gas Company
Electric Cost of Service Study
12 Months Ending 3/31/02

	Description	ALLOCATOR	TOTAL	RESID	SMALL	MEDIUM	LARGE	ST LTG	RETAIL
1	**DISTRIBUTION PLANT**								
2	360 - LAND & LAND RIGHTS								
3	SUBSTATIONS								
4	Bulk	D30	8,147	3,923	2,389	972	691	132	8,107
5	Direct Assignment	P360DA	27	0	0	0	27	0	27
6	Sub-Total Substations		8,174	3,923	2,389	972	718	132	8,134
7	OVERHEAD LINES								
8	Primary - Customer Comp	D30	36,940	17,787	10,834	4,409	3,132	599	36,760
9	TOTAL ACCOUNT 360		45,114	21,709	13,223	5,382	3,850	731	44,895
10	361-363 SUBSTATIONS								
11	Bulk	D30	146,399	70,491	42,935	17,475	12,414	2,372	145,687
12	Direct Assignment	P361DA	40,198	0	1,445	250	37,843	0	39,538
13	TOTAL ACCOUNTS 361-363		186,597	70,491	44,380	17,725	50,257	2,372	185,225
14	364-365 OVERHEAD LINES								
15	PRIMARY FUNCTION								
16	Capacity Component	D30	267,763	128,928	78,528	31,961	22,705	4,339	266,461
17	SECONDARY FUNCTION								
18	Customer Component	C35	179,554	120,857	41,330	15,824	0	1,543	179,554
19	TOTAL ACCOUNTS 364-365		447,317	249,786	119,858	47,785	22,705	5,881	446,015
20	366-367 UNDERGROUND LINES								
21	Primary Function	D30	156,499	75,355	45,897	18,680	13,271	2,536	155,738
22	Secondary Function	C35	89,807	60,449	20,672	7,915	0	772	89,807
23	TOTAL ACCOUNTS 366-367		246,306	135,803	66,569	26,595	13,271	3,307	245,545
24	368 - TRANSFORMERS								
25	Bulk Power Transmission	D10	4,411	1,784	816	474	1,061	0	4,135
26	Primary Function	D30	13,529	6,514	3,968	1,615	1,147	219	13,463
27	SECONDARY FUNCTION								
28	Capacity Component	D35	155,795	82,723	50,200	20,089	0	2,784	155,795
29	Customer Component	C35	76,714	51,636	17,658	6,761	0	659	76,714
30	TOTAL ACCOUNT 368		250,449	142,657	72,642	28,939	2,208	3,662	250,107
31	369 - SERVICES								
32	Customer Component	C36	153,299	104,079	35,592	13,627	0	0	153,299
33	TOTAL ACCOUNT 369		153,299	104,079	35,592	13,627	0	0	153,299
34	370 - METERS	P370	87,610	50,831	30,488	3,049	3,171	0	87,540
35	373 - STREET LIGHTING	P373	122,884	0	0	0	0	122,884	122,884
36	**TOTAL DISTRIBUTION PLANT**		1,539,576	775,357	382,753	143,101	95,462	138,838	1,535,511

South Carolina Electric and Gas Company
Electric Cost of Service Study
12 Months Ending 3/31/02

EXHIBIT NO.___(JRH-2)
Page 4

	Description	ALLOCATOR	TOTAL	RESID	SMALL	MEDIUM	LARGE	ST LTG	RETAIL
1	GENERAL PLANT								
2	389 - LAND & LAND RIGHTS	LABOR	2,749	1,229	505	244	553	98	2,629
3	390-398 OTHER GENERAL PLANT	LABOR	110,629	49,471	20,304	9,833	22,255	3,931	105,793
4	**TOTAL GENERAL PLANT**		113,378	50,700	20,809	10,077	22,808	4,028	108,422
5	**INTANGIBLE PLANT**	LABOR	118,237	52,873	21,701	10,509	23,785	4,201	113,069
6	COMMON PLANT								
7	489 - LAND & LAND RIGHTS	LABOR	4,953	2,215	909	440	996	176	4,737
8	490-498 OTHER COMMON PLANT	LABOR	161,895	72,396	29,713	14,389	32,568	5,752	154,819
9	**TOTAL COMMON PLANT**		166,848	74,611	30,622	14,830	33,564	5,928	159,555
10	**TOTAL ELECTRIC PLANT IN SERVICE**		5,022,298	2,193,975	1,026,431	508,305	927,471	153,555	4,809,736
11	**ACCUM. RESERVES FOR DEPRECIATION**								
12	PRODUCTION	P10	(837,498)	(338,686)	(154,993)	(90,089)	(201,356)	0	(785,124)
13	TRANSMISSION	P20L	(162,934)	(63,750)	(30,228)	(16,897)	(42,295)	(206)	(153,376)
14	DISTRIBUTION	P30L	(518,142)	(261,296)	(128,119)	(47,748)	(31,763)	(47,883)	(516,809)
15	GENERAL	P40L	(89,532)	(40,037)	(16,432)	(7,958)	(18,011)	(3,181)	(85,619)
16	COMMON (ELECTRIC PORTION)	PCL	(56,260)	(25,158)	(10,326)	(5,000)	(11,318)	(1,999)	(53,801)
17	**TOTAL ACCUM. RESERVES FOR DEPREC.**		(1,664,366)	(728,927)	(340,098)	(167,692)	(304,742)	(53,269)	(1,594,728)
18	**NET ELECTRIC PLANT IN SERVICE**		3,357,932	1,465,048	686,333	340,613	622,729	100,286	3,215,008
19	**CONSTRUCTION WORK IN PROGRESS**								
20	PRODUCTION	P10	385,629	155,949	71,367	41,482	92,715	0	361,513
21	TRANSMISSION	P20	35,344	13,778	6,522	3,653	9,274	42	33,269
22	DISTRIBUTION	P30	42,587	21,458	10,567	3,946	2,630	3,875	42,476
23	GENERAL	P40	19,014	8,503	3,490	1,690	3,825	676	18,183
24	COMMON (ELECTRIC PORTION)	PC	20,186	9,027	3,705	1,794	4,061	717	19,304
25	**TOTAL CONSTR. WORK IN PROGRESS**		502,760	208,714	95,651	52,565	112,505	5,309	474,744

South Carolina Electric and Gas Company
Electric Cost of Service Study
12 Months Ending 3/31/02

	Description	ALLOCATOR	TOTAL	RESID	SMALL	MEDIUM	LARGE	ST LTG	RETAIL
1	**MATERIALS AND SUPPLIES**								
2	NUCLEAR FUEL INVENTORY	E10	50,714	16,867	7,666	6,160	15,834	597	47,124
3	FOSSIL FUEL INVENTORY	E10	42,562	14,155	6,433	5,170	13,289	501	39,549
4	EMISSION ALLOWANCES	E10	14,442	4,803	2,183	1,754	4,509	170	13,420
5	PLANT MATERIALS AND SUPPLIES								
6	Plant Materials	D10	21,081	8,525	3,901	2,268	5,068	0	19,763
7	Substation Materials	P11	1,227	488	272	125	295	10	1,189
8	Wire and Cable	P12	3,005	1,479	702	313	414	26	2,934
9	Poles and Hardware	P12	3,606	1,775	843	376	497	31	3,521
10	Underground Material	P13	1,742	951	465	188	106	23	1,733
11	Street Lighting Material	P373	1,314	0	0	0	0	1,314	1,314
12	Meters	P370	456	265	159	16	17	0	456
13	Transformers	P368	3,989	2,272	1,157	461	35	58	3,984
14	Reels, Drums, and Containers	P12	40	20	9	4	6	0	39
15	TOTAL PLANT MATERIALS AND SUPPLIES		36,460	15,774	7,509	3,750	6,437	1,461	34,931
16	COMMON MATERIALS AND SUPPLIES	PC	12,547	5,611	2,303	1,115	2,524	446	11,999
17	**TOTAL M&S EXCLUDING FUEL**		49,007	21,385	9,811	4,866	8,961	1,907	46,930
18	WORKING CASH		72,051	28,882	12,141	7,581	18,090	1,277	67,971
19	PREPAYMENTS								
20	Plant Prepayments	POO	3,642	1,596	747	368	663	117	3,491
21	Other Taxes Prepayments	TIPOO	4,710	2,059	938	486	895	146	4,523
22	Municipal Licenses	RSLMUN	1,653	840	393	271	117	32	1,653
23	TOTAL PREPAYMENTS		10,005	4,494	2,079	1,124	1,675	294	9,667
24	GRIDSOUTH CAPITAL COSTS	DEM_TRANS	6,575	2,650	1,213	705	1,576	0	6,144
25	DEF. DEBIT / ENVIRONMENTAL	PTD	95	41	20	10	17	3	91
26	**TOTAL ADDITIONS TO NET PLANT**		748,211	301,992	137,197	79,935	176,457	10,059	705,639
27	**ACCUM. DEFERRED INCOME TAXES**								
28	Production Related	P10	(235,404)	(95,198)	(43,566)	(25,322)	(56,597)	0	(220,683)
29	Transmission & Distribution Related	TD	(184,404)	(87,967)	(43,085)	(17,588)	(20,066)	(12,797)	(181,502)
30	General & Common Related	GC	(62,232)	(27,829)	(11,422)	(5,531)	(12,519)	(2,211)	(59,512)
31	**TOTAL ACCUM. DEF. INCOME TAXES**		(482,040)	(210,994)	(98,072)	(48,441)	(89,182)	(15,008)	(461,697)
32	AVERAGE TAX ACCRUALS	AVGTAX	(46,304)	(20,032)	(8,684)	(4,979)	(10,276)	(1,309)	(45,280)
33	CUSTOMER DEPOSITS	PCD	(15,655)	(13,118)	(1,768)	(243)	(67)	(459)	(15,655)
34	INJURIES AND DAMAGES	POO	(3,618)	(1,585)	(742)	(365)	(659)	(116)	(3,468)
35	OPEBS	LABOR	(64,465)	(28,827)	(11,832)	(5,730)	(12,968)	(2,290)	(61,646)
36	STORM RESERVE	TD	(16,797)	(8,013)	(3,925)	(1,602)	(1,828)	(1,166)	(16,533)
37	DEFERRED CREDIT	G	(17,290)	(7,732)	(3,173)	(1,537)	(3,478)	(614)	(16,534)
38	SYNFUEL TAX CREDIT OFFSET TO RATEBASE	PTD	(43,728)	(19,063)	(9,015)	(4,472)	(8,013)	(1,318)	(41,882)
39	**TOTAL DEDUCTIONS FROM NET PLANT**		(689,897)	(309,363)	(137,211)	(67,370)	(126,472)	(22,279)	(662,695)
40	**TOTAL RATEBASE**		3,416,246	1,457,676	686,319	353,178	672,714	88,065	3,257,953

South Carolina Electric and Gas Company
Electric Cost of Service Study
12 Months Ending 3/31/02

EXHIBIT NO.___(JRH-2)
Page 6

	Description	ALLOCATOR	TOTAL	RESID	SMALL	MEDIUM	LARGE	ST LTG	RETAIL
1	**OPERATING REVENUES**								
2	SALES OF ELECTRICITY	RSL	1,217,382	507,063	218,863	128,523	283,293	26,920	1,164,662
3	OTHER OPERATING REVENUES								
4	SHORT TERM OPPORTUNITY SALES								
5	Demand Component	D10	9,429	3,813	1,745	1,014	2,267	0	8,839
6	Energy Component	E10	38,436	12,783	5,810	4,669	12,001	453	35,715
7	TOTAL SHORT TERM SALES		47,865	16,596	7,555	5,683	14,267	453	44,554
8	450 - FORFEITED DISCOUNTS	E904	1,934	1,370	268	213	29	53	1,934
9	451 - MISCELLANEOUS	R451DA	4,678	3,268	1,410	0	0	0	4,678
10	454 - RENT								
11	Distribution Function	P30	3,805	1,917	944	353	235	346	3,795
12	Direct Assignment	R454DA	1,611	0	36	127	1,204	5	1,372
13	TOTAL ACCOUNT 454		5,416	1,917	980	479	1,439	351	5,167
14	TRANSMISSION REVENUE - SEPA	R456DA	75	0	0	0	0	0	0
15	456 - OTHER ELECTRIC REVENUES	TD	7,288	3,477	1,703	695	793	506	7,173
16	TOTAL OTHER REVENUE		67,256	26,628	11,916	7,071	16,529	1,363	63,507
17	**TOTAL OPERATING REVENUES**		1,284,638	533,691	230,780	135,594	299,822	28,282	1,228,169

	Account	Description	ALLOCATOR	TOTAL	RESID	SMALL	MEDIUM	LARGE	ST LTG	RETAIL
1		**OPERATION AND MAINTENANCE EXPENSE**								
2		PRODUCTION EXPENSES								
3		OPERATION								
4	500	Supervision and Engineering	Z500	3,475	1,359	621	383	882	8	3,252
5	501	Fuel	E10	196,367	65,308	29,682	23,853	61,310	2,312	182,465
6	502	Steam Expenses	P10	20,704	8,373	3,832	2,227	4,978	0	19,409
7	504	Steam Transferred - Cr.	P10	(2,270)	(918)	(420)	(244)	(546)	0	(2,128)
8	505	Electric Expenses	P10	5,781	2,338	1,070	622	1,390	0	5,419
9	506	Misc. Steam Expenses	P10	9,002	3,640	1,666	968	2,164	0	8,439
10	507	Rents	P10	272	110	50	29	65	0	255
11	509	Emission Allowance Expenses	P10	7,831	2,604	1,184	951	2,445	92	7,277
12		TOTAL STEAM OPERATION		241,162	82,814	37,684	28,790	72,689	2,412	224,389
13		MAINTENANCE								
14	510	Supervision and Engineering	E10	386	128	58	47	121	5	359
15	511	Structures	P10	893	361	165	96	215	0	837
16	512	Boiler Plant	E10	14,650	4,872	2,214	1,780	4,574	172	13,613
17	513	Electric Plant	E10	4,932	1,640	745	599	1,540	58	4,583
18	514	Misc. Steam Expenses	P10	3,560	1,440	659	383	856	0	3,337
19		TOTAL STEAM MAINTENANCE		24,421	8,442	3,842	2,905	7,305	235	22,729
20		NUCLEAR POWER GENERATION								
21		OPERATION								
22	517	Supervision and Engineering	Z517	7,574	3,063	1,402	815	1,821	0	7,100
23	518	Fuel	E10	25,252	8,398	3,817	3,067	7,884	297	23,464
24	519	Coolants and Water	P10	1,607	650	297	173	386	0	1,507
25	520	Steam Expenses	P10	3,369	1,362	623	362	810	0	3,158
26	523	Electric Expenses	P10	712	288	132	77	171	0	667
27	524	Misc. Nuclear Expenses	P10	23,372	9,452	4,325	2,514	5,619	0	21,910
28		TOTAL STEAM OPERATION		61,886	23,213	10,597	7,008	16,692	297	57,807
29		MAINTENANCE								
30	528	Supervision and Engineering	E10	5,352	1,780	809	650	1,671	63	4,973
31	529	Structures	P10	1,632	660	302	176	392	0	1,530
32	530	Reactor Plant Equipment	E10	4,043	1,345	611	491	1,262	48	3,757
33	531	Electric Plant	E10	967	322	146	117	302	11	899
34	532	Misc. Nuclear Plant	P10	5,712	2,310	1,057	614	1,373	0	5,355
35		TOTAL STEAM MAINTENANCE		17,706	6,416	2,925	2,049	5,001	122	16,513

South Carolina Electric and Gas Company
Electric Cost of Service Study
12 Months Ending 3/31/02

EXHIBIT NO. __(JRH-2)
Page 8

	Account	Description	ALLOCATOR	TOTAL	RESID	SMALL	MEDIUM	LARGE	ST LTG	RETAIL
1		HYDRAULIC POWER GENERATION								
2		OPERATION								
3	535	Supervision and Engineering	Z535	558	226	103	60	134	0	523
4	536	Water for Power	P10	106	43	20	11	25	0	99
5	537	Hydraulic Expenses	P10	975	394	180	105	234	0	914
6	538	Electric Expenses	P10	486	197	90	52	117	0	456
7	539	Misc. Hydraulic Power Expenses	P10	677	274	125	73	163	0	635
8		TOTAL HYDRO OPERATION		2,802	1,133	519	301	674	0	2,627
9		MAINTENANCE								
10	541	Supervision and Engineering	Z541	132	47	22	15	38	1	123
11	542	Structures	P10	22	9	4	2	5	0	21
12	543	Dams and Waterways	P10	544	220	101	59	131	0	510
13	544	Electric Plant	E10	2,194	730	332	267	685	26	2,039
14	545	Misc. Hydraulic Plant Maintenance	P10	187	76	35	20	45	0	175
15		TOTAL HYDRO MAINTENANCE		3,079	1,082	493	363	904	27	2,868
16		OTHER POWER GENERATION								
17		OPERATION								
18	546	Supervision and Engineering	Z546	132	53	24	14	32	0	124
19	547	Fuel	E10	3,970	1,320	600	462	1,240	47	3,689
20	548	Generation Expenses	P10	8,831	3,571	1,634	950	2,123	0	8,279
21	549	Misc. Other Power Generation Expenses	P10	185	75	34	20	44	0	173
22		OTHER OPERATION		13,118	5,020	2,293	1,466	3,439	47	12,265
23		MAINTENANCE								
24	551	Supervision and Engineering	Z551	75	30	14	8	18	0	70
25	552	Structures	P10	140	57	26	15	34	0	131
26	553	Generating and Electric Equipment	P10	1,359	550	252	146	327	0	1,274
27	554	Misc. Other	P10	79	32	15	8	19	0	74
28		OTHER MAINTENANCE		1,653	668	306	178	397	0	1,550
29		OTHER POWER SUPPLY EXPENSE								
30	555D	Purchased Power - Demand	D10	35,380	14,308	6,548	3,806	8,506	0	33,167
31	555E	Purchased Power - Energy	E10	(21,881)	(7,277)	(3,307)	(2,658)	(6,832)	(258)	(20,332)
32	555F	Purchased Power - Fuel	E10	54,960	18,279	8,307	6,676	17,160	647	51,069
33	555G	Purchased Power - GENCO Fuel	E10	60,886	20,250	9,203	7,396	19,010	717	56,576
34	556	System Control and Load Dispatching	D10	1,277	516	236	137	307	0	1,197
35	557	Other Expenses	D10	381	154	71	41	92	0	357
36		TOTAL OTHER PWR SUPPLY		131,003	46,229	21,058	15,398	38,243	1,106	122,035
37		**TOTAL PRODUCTION EXPENSE**		496,830	175,017	79,717	58,458	145,343	4,246	462,782

South Carolina Electric and Gas Company
Electric Cost of Service Study
12 Months Ending 3/31/02

	Account	Description	ALLOCATOR	TOTAL	RESID	SMALL	MEDIUM	LARGE	ST LTG	RETAIL
1		TRANSMISSION EXPENSE								
2		OPERATION								
3	560	Supervision and Engineering	Z560	503	202	95	53	122	1	473
4	561	Load Dispatching	D10	561	227	104	60	135	0	526
5	562	Station Expenses	P3523	436	182	89	48	92	1	412
6	563	Overhead Lines Expenses	P3546	110	41	19	11	33	0	103
7	565	Transmission of Electricity by Others	D10	2,688	1,087	497	289	646	0	2,520
8	566	Misc. Transmission Expenses	P20	3,903	1,521	720	403	1,024	5	3,674
9	567	Rents	P20	51	20	9	5	13	0	48
10		TOTAL OPERATION		8,252	3,280	1,534	870	2,065	7	7,756
11		MAINTENANCE								
12	568	Supervision and Engineering	Z568	25	10	5	3	6	0	24
13	569	Structures	P3523	30	13	6	3	6	0	28
14	570	Station Equipment	P3523	1,828	763	374	200	385	6	1,729
15	571	Overhead Lines	P3546	3,821	1,417	654	379	1,135	0	3,585
16	573	Maintenance of Misc. Transmission Plant	P20	54	21	10	6	14	0	51
17		TOTAL MAINTENANCE		5,758	2,225	1,049	591	1,547	6	5,417
18		**TOTAL TRANSMISSION**		14,010	5,505	2,583	1,461	3,612	12	13,173

South Carolina Electric and Gas Company
Electric Cost of Service Study
12 Months Ending 3/31/02

EXHIBIT NO.___(JRH-2)
Page 10

	Account	Description	ALLOCATOR	TOTAL	RESID	SMALL	MEDIUM	LARGE	ST LTG	RETAIL
1		DISTRIBUTION EXPENSE								
2		OPERATION								
3	580	Supervision and Engineering	Z580	568	288	154	44	36	44	567
4	581	Load Dispatching	D30	573	276	168	68	49	9	570
5	582	Station Expenses	P3613	376	142	89	36	101	5	373
6	583	Overhead Line Expenses	P3645	1,275	712	342	136	65	17	1,271
7	584	Underground Line Expenses	P3667	352	194	95	38	19	5	351
8	585	Street Lighting Expenses	P373	478	0	0	0	0	478	478
9	586	Meter Expenses	P370	1,370	795	477	48	50	0	1,369
10	587	Customer Installations Expenses	P371	36	36	0	0	0	0	36
11	588	Misc. Distribution Expense	P30	3,664	1,846	909	340	226	333	3,654
12	589	Rents	P30	91	46	23	8	6	8	91
13		TOTAL OPERATION		8,783	4,335	2,257	718	551	899	8,760
14		MAINTENANCE								
15	590	Supervision and Engineering	Z590	266	120	61	24	23	38	265
16	591	Structures	P3613	7	3	2	1	2	0	7
17	592	Station Equipment	P3613	1,968	743	468	187	530	25	1,954
18	593	Overhead Lines	P3645	15,978	8,922	4,281	1,707	811	210	15,932
19	594	Underground Lines	P3667	1,318	727	356	142	71	18	1,314
20	595	Line Transformers	P368	255	145	74	29	2	4	255
21	596	Street Lighting	P373	1,688	0	0	0	0	1,688	1,688
22	597	Meters	P370	73	42	25	3	3	0	73
23		TOTAL DISTRIBUTION MAINTENANCE		21,553	10,702	5,267	2,093	1,442	1,983	21,487
24		**TOTAL DISTRIBUTION**		30,336	15,037	7,524	2,811	1,992	2,882	30,247

South Carolina Electric and Gas Company
Electric Cost of Service Study
12 Months Ending 3/31/02

	Account	Description	ALLOCATOR	TOTAL	RESID	SMALL	MEDIUM	LARGE	ST LTG	RETAIL
1		CUSTOMER ACCOUNTS EXPENSE								
2	901	Supervision	Z901	2,211	1,640	316	12	5	238	2,211
3	902	Meter Reading Expenses	CUST1	3,527	2,584	862	39	41	0	3,526
4	903	Customer Records and Collection Expenses	C10	25,585	21,813	3,622	116	15	19	25,585
5	904	Uncollectible Accounts	E904DA	1,864	1,321	258	206	28	52	1,864
6	905	Miscellaneous	CUSXX	1,146	948	175	16	3	3	1,146
7		TOTAL CUSTOMER ACCOUNTS		34,333	28,306	5,233	388	93	312	34,332
8		CUSTOMER SERVICE & INFORMATIONAL EXPENSE								
9	907	Supervision	Z907	371	87	82	0	202	0	371
10	908	Customer Assistance	E908DA	2,752	645	609	0	1,498	0	2,752
11	909	Information and Instruction	E909DA	1	0	0	0	1	0	1
12	910	Miscellaneous	CUSYY	457	107	101	0	249	0	457
13		TOTAL CUSTOMER SERV. & INFO. EXPENSE		3,581	839	793	0	1,949	0	3,581
14		SALES EXPENSE								
15	911	Supervision	Z911	137	34	22	27	33	20	135
16	912	Demonstration and Selling Expenses	E912DA	2,423	605	381	469	586	354	2,396
17	913	Advertising Expenses	E913DA	48	37	1	5	6	0	48
18	916	Miscellaneous	CUSZZ	140	36	22	27	34	20	138
19		TOTAL SALES EXPENSE		2,748	713	425	527	658	394	2,717
20		DEMAND SIDE MANAGEMENT EXPENSE	D10	509	220	100	58	131	0	509

South Carolina Electric and Gas Company
Electric Cost of Service Study
12 Months Ending 3/31/02

EXHIBIT NO.___(JRH-2)

	Accounts	Description	ALLOCATOR	TOTAL	RESID	SMALL	MEDIUM	LARGE	ST LTG	RETAIL
1		ADMINISTRATIVE & GENERAL EXPENSE								
2	920	Salaries	LABOR	22,477	10,051	4,125	1,998	4,522	799	21,495
3	921	Office Supplies and Expenses	LABOR	21,125	9,447	3,877	1,878	4,250	751	20,202
4	923	Outside Services Employed	LABOR	10,265	4,590	1,884	912	2,065	365	9,816
5	924	Property Insurance	LABOR	2,814	1,258	516	250	566	100	2,691
6	925	Injuries and Damages	LABOR	3,284	1,469	603	292	661	117	3,140
7	926	Employee Pensions and Benefits	LABOR	17,095	7,645	3,138	1,519	3,439	607	16,348
8	927	Franchise Requirements	LABOR	65	29	12	6	13	2	62
9	928S	State Regulatory Commission Exp.	XPOO	1,329	608	285	140	251	45	1,329
10	928F	Federal Regulatory Commission Exp.	YPOO	172	0	0	0	0	0	0
11	928O	Other Regulatory Commission Exp.	D10	1,414	572	262	152	340	0	1,326
12	929	Duplicate Charges - Cr.	LABOR	(3,220)	(1,440)	(591)	(286)	(648)	(114)	(3,079)
13	930	Miscellaneous	LABOR	4,881	2,183	896	434	982	173	4,668
14	931	Rents	LABOR	4,239	1,896	778	377	853	151	4,054
15	935	Maintenance of General Plant	LABOR	1,828	817	336	162	368	65	1,748
16		TOTAL ADMINISTRATIVE & GENERAL EXPENSES		87,768	39,124	16,120	7,834	17,660	3,060	83,799
17		**TOTAL OPERATION & MAINT. EXPENSE**		670,115	264,761	112,496	71,537	171,440	10,906	631,140

South Carolina Electric and Gas Company
Electric Cost of Service Study
12 Months Ending 3/31/02

EXHIBIT NO.___(JRH-2)
Page 13

	Description	ALLOCATOR	TOTAL	RESID	SMALL	MEDIUM	LARGE	ST LTG	RETAIL
1	**DEPR. AND AMORT. EXPENSE**								
2	DEPP PRODUCTION	P10	89,102	36,033	16,490	9,585	21,422	0	83,530
3	DEPT TRANSMISSION	P20L	13,322	5,212	2,472	1,382	3,458	17	12,540
4	DEPD DISTRIBUTION	P30L	40,339	20,343	9,974	3,717	2,473	3,728	40,235
5	DEPG GENERAL	P40L	10,213	4,567	1,874	908	2,054	363	9,767
6	DEPC COMMON	PCL	20,003	8,945	3,671	1,778	4,024	711	19,129
7	**TOTAL DEPR. & AMORT. EXPENSE**		172,979	75,100	34,482	17,369	33,432	4,818	165,201
8	**TAXES OTHER THAN INCOME**								
9	FEDERAL								
10	Federal Payroll Taxes	LABOR	7,231	3,233	1,327	643	1,455	257	6,915
11	TOTAL FEDERAL		7,231	3,233	1,327	643	1,455	257	6,915
12	STATE								
13	Special Utilities License	POO	3,060	1,341	628	309	557	98	2,933
14	Gross Earnings Tax	RSL	3,443	1,434	619	363	801	76	3,294
15	Generation Tax	TIP26	5,486	2,316	827	813	1,398	82	5,436
16	State Payroll Tax	LABOR	196	88	36	17	39	7	187
17	TOTAL STATE		12,185	5,179	2,110	1,503	2,796	263	11,850
18	LOCAL								
19	County Property Taxes	POO	70,128	30,621	14,323	7,099	12,964	2,146	67,152
20	Municipal Property Taxes	POO	4,933	2,162	1,012	498	899	158	4,728
21	TOTAL LOCAL		75,061	32,782	15,335	7,597	13,863	2,304	71,881
22	**TOTAL TAXES OTHER THAN INCOME TAXES**		94,477	41,195	18,772	9,743	18,113	2,824	90,646

South Carolina Electric and Gas Company
Electric Cost of Service Study
12 Months Ending 3/31/02

EXHIBIT NO.___(JRH-2)
Page 14

	Description	ALLOCATOR	TOTAL	RESID	SMALL	MEDIUM	LARGE	ST LTG	RETAIL
1	DEVELOPMENT OF STATE INCOME TAX LIABILITY								
2	OPERATING INCOME BEFORE TAXES		347,067	152,635	65,031	36,944	76,838	9,734	341,182
3	ALLOWABLE DEDUCTIONS								
4	Capitalized and Use Tax	POO	(3,225)	(1,413)	(662)	(325)	(588)	(103)	(3,091)
5	Interest	RB	108,579	46,404	21,813	11,230	21,409	2,733	103,589
6	Depreciation (Over Book)	DEPREJ	10,458	4,581	2,105	1,043	1,954	327	10,010
7	Nuclear Fuel Expense	E10	(19,611)	(6,522)	(2,964)	(2,382)	(6,123)	(231)	(18,223)
8	Removal Cost and Property Tax	POO	17,646	7,136	3,266	1,898	4,243	0	16,542
9	Employee Benefits	LABOR	22,750	10,173	4,175	2,022	4,577	808	21,755
10	Unbilled Revenue	ENE1	(18,197)	(6,146)	(2,794)	(2,245)	(6,795)	(218)	(18,197)
11	TOTAL ALLOWABLE DEDUCTIONS		118,400	54,213	24,940	11,240	18,677	3,316	112,386
12	STATE TAXABLE INCOME		228,667	98,422	40,091	25,704	58,161	6,418	228,795
13	STATE INCOME TAX @ 5%		11,433	4,921	2,005	1,285	2,908	321	11,440
14	ADJUSTMENTS TO TAX								
15	State Tax Prior Year Adjustments	SIT	(4,374)	(1,883)	(767)	(492)	(1,113)	(123)	(4,376)
16	**TOTAL STATE INCOME TAX LIABILITY**		7,059	3,038	1,238	794	1,796	198	7,063

South Carolina Electric and Gas Company
Electric Cost of Service Study
12 Months Ending 3/31/02

	Description	ALLOCATOR	TOTAL	RESID	SMALL	MEDIUM	LARGE	ST LTG	RETAIL
1	DEVELOPMENT OF FEDERAL INCOME TAX LIABILITY								
2	OPERATING INCOME BEFORE TAXES		347,067	152,635	65,031	36,944	76,838	9,734	341,182
3	ALLOWABLE DEDUCTIONS								
4	Capitalized and Use Tax	POO	(3,225)	(1,413)	(662)	(325)	(588)	(103)	(3,091)
5	Interest	RB	108,579	46,404	21,813	11,230	21,409	2,733	103,589
6	Depreciation (Over Book)	DEPREJ	11,994	5,253	2,415	1,196	2,241	375	11,480
7	Nuclear Fuel Expense	E10	(19,611)	(6,522)	(2,964)	(2,382)	(6,123)	(231)	(18,223)
8	Removal Cost and Property Tax	POO	4,312	1,744	798	464	1,037	0	4,042
9	Employee Benefits	LABOR	22,750	10,173	4,175	2,022	4,577	808	21,755
10	Unbilled Revenue	ENE1	(18,197)	(6,146)	(2,794)	(2,245)	(6,795)	(218)	(18,197)
11	State Income Tax		11,433	4,921	2,005	1,285	2,908	321	11,440
12	TOTAL ALLOWABLE DEDUCTIONS		118,035	54,414	24,786	11,244	18,667	3,685	112,796
13	FEDERAL TAXABLE INCOME		229,032	98,221	40,245	25,700	58,171	6,049	228,386
14	FEDERAL INCOME TAX @ 35%		80,161	34,377	14,086	8,995	20,360	2,117	79,935
15	ADJUSTMENTS TO TAX								
16	Federal Tax Prior Year Adjustments	FIT	1,700	729	299	191	432	45	1,695
17	**TOTAL FEDERAL INCOME TAX LIABILITY**		81,861	35,106	14,384	9,186	20,792	2,162	81,630

South Carolina Electric and Gas Company
Electric Cost of Service Study
12 Months Ending 3/31/02

EXHIBIT NO.___(JRH-2)
Page 16

	Description	ALLOCATOR	TOTAL	RESID	SMALL	MEDIUM	LARGE	ST LTG	RETAIL
1	DEFERRED INCOME TAXES								
2	PRODUCTION	P10	(117)	(47)	(22)	(13)	(28)	0	(110)
3	TRANSMISSION AND DISTRIBUTION	TD	11,048	5,270	2,581	1,054	1,202	767	10,874
4	GENERAL AND COMMON	GC	(769)	(344)	(141)	(68)	(155)	(27)	(735)
5	LONG TERM DEBT	RB	(482)	(206)	(97)	(50)	(95)	(13)	(460)
6	UNBILLED REVENUE	ENE1	(7,309)	(2,468)	(1,122)	(902)	(2,729)	(87)	(7,309)
7	LABOR AND BENEFITS	LABOR	7,192	3,216	1,320	639	1,447	255	6,878
8	REVENUE	RSL	(9,894)	(4,121)	(1,779)	(1,045)	(2,302)	(219)	(9,466)
9	TOTAL DEFERRED INCOME TAX (NET)		(331)	1,300	741	(384)	(2,660)	676	(328)
10	INVESTMENT TAX CREDIT								
11	PRODUCTION	P10	(1,839)	(744)	(340)	(198)	(442)	0	(1,724)
12	TRANSMISSION AND DISTRIBUTION	TD	1,921	916	449	183	209	133	1,891
13	GENERAL AND COMMON	GC	(100)	(45)	(18)	(9)	(20)	(4)	(96)
14	INVESTMENT TAX CREDIT (NET)		(18)	128	90	(23)	(253)	130	71
15	CUSTOMER GROWTH		1,986	1,252	411	254	0	69	1,986
16	**INTEREST ON CUSTOMER DEPOSITS**		(1,169)	(980)	(132)	(18)	(5)	(34)	(1,169)
17	**RETURN**		259,313	113,335	48,857	27,608	57,159	6,603	253,562

SOUTH CAROLINA ELECTRIC & GAS
CLASS RATE OF RETURN RELATIONSHIPS

	BEFORE INCREASE			AFTER INCREASE	
	RATE OF RETURN	% OF RETAIL ROR	% INCREASE	RATE OF RETURN	RELATIONSHIP
RESIDENTIAL	7.78%	100%	7.06%	9.50%	96%
SMALL	7.12%	92%	13.81%	10.13%	102%
MEDIUM	7.82%	101%	11.94%	10.87%	109%
LARGE	8.50%	109%	5.38%	10.12%	102%
LIGHTING	7.50%	96%	12.82%	10.17%	102%
TOTAL RETAIL	7.78%	100%	8.70%	9.93%	100%

EXHIBIT NO.___(JRH-3)

EXHIBIT NO.___(JRH-4)

SOUTH CAROLINA ELECTRIC & GAS COMPANY
BASIC FACILITIES CHARGE

RESIDENTIAL	CURRENT	PROPOSED	COST OF SERVICE
RATES 1,2,6,8	$6.50	$7.50	
RATE 5	$9.80	$11.25	
TOTAL RESIDENTIAL GROUP			$16.62
SMALL GENERAL SERVICE			
RATES 3, 9,13	$13.00	$15.00	
RATES 10,14	$6.50	$7.50	
RATES 11,16	$15.75	$18.15	
RATES 12,22	$8.50	$9.80	
TOTAL SGS GROUP			$29.71
MEDIUM GENERAL SERVICE			
RATE 20	$100.00	$120.00	
RATE 21	$115.00	$135.00	
TOTAL MGS GROUP			$234.18
LARGE GENERAL SERVICE			
RATE 23	$1,000.00	$1,200.00	
RATE 24	$1,000.00	$1,200.00	
TOTAL LGS GROUP			$3,512.45

Exhibit No._____ (JRH-5)

SOUTH CAROLINA ELECTRIC AND GAS COMPANY
COST FOR ELECTRIC RECONNECTION

			Reg. Time
Parameters	Electric Service Representative		$ 20.08
	1/2 Ton Service Truck		$ 4.27
			$ 24.35
Travel from work location to customer and return - average 30 min			
	Base pay (2 individuals)		$ 27.28
	1/2 Ton Service Truck		$ 2.14
			$ 29.42
Performing reconnection - Average 15 minutes			
	Base pay (2 individuals)		$ 13.64
	1/2 Ton Service Truck		$ 1.07
			$ 14.71
Travel from customer to customer - Average 20 minutes			
	Base pay (2 individuals)		$ 18.18
	1/2 Ton Service Truck		$ 2.86
			$ 21.04
Assuming in an eight (8) hour day			
	Travel to and from work location	60 min	$ 58.84
	Reconnections completed (12)	180 min	$ 176.52
	Travel between customers (11)	220 min	$ 231.44
			$ 466.80
Reg. Time	Average Cost per Reconnect $466.80 /12 =		$ 38.90